GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

STARRED QUESTION NO:238
ANSWERED ON:08.12.2005
ESTABLISHMENT OF RURAL BUSINESS HUBS
Patle Shri Shishupal Natthu;Rajendran Shri P.

Will the Minister of PANCHAYATI RAJ be pleased to state:

to the reply given to Starred Question No. 179 dated August 4, 2005 regarding Rural Business Hubs and state:

(a) the criteria adopted for selection of States for setting up of Rural Business Hubs;

(b) the response received from those States which have been selected therefore;

(c) the progress made so far regarding setting up of the Rural Business Hubs;

(d) whether any scheme has been formulated for public-private-Panchayat partnership to establish Rural Business Hubs;

(e) if so, the details thereof; and

(f) The financial and technical support provided/proposed to be provided to the States for setting up of Rural Business Hubs?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a), (b), (c), (d), (e) & (f):- A Statement is laid on the Table of the House.

STATEMENT REFFERED TO IN REPLY TO PARTS (a) TO (f) FOR LOK SABHA STARRED QUESTION NO. 238 DUE FOR ANSWER ON 8TH DECEMBER, 2005.

(a) : The Prime Minister in his inaugural address to the Conference of Chief Ministers and State Ministers in charge of Rural Development and Panchayati Raj on `Poverty Alleviation and Rural Prosperity through Panchayati Raj` held on 29-30 June, 2004 emphasized the importance of economic development through PRIs in rural areas and to evolve Rural Business Hubs, drawing on China`s experience of Town and Village Enterprises that add value to agricultural produce in rural areas. Thereafter a National- level Presentation on `Economic Empowerment through Panchayats` was held on the 5th November, 2004 in collaboration with the Confederation of Indian Industry (CII) in which more than 1000 elected representatives of Panchayati Raj Institutions (PRIs) from States and Union Territories and about 200 members of the CII participated. Based on the deliberations there, the concept of Rural Business Hubs (RBH) has been evolved in consultation with CII.

This initiative of Ministry of Panchayati Raj was initially limited to nine States, to start with, as the newly formed Ministry of Panchayati Raj was taking shape and there was a shortage of officers and staff to follow up. These States were selected on the basis of initial response and interest shown by the States. The initiative has since been extended to all the States /UTs covered by Part IX of the Constitution,

(b): A number of States have identified products and blocks for RBHs. Karnataka, Maharashtra, Punjab, Rajasthan, and Uttranchal have forwarded a `key product list` whose commercial viability is currently under examination of the CII. Efforts continue to be made to set up RBHs in different States. Nodal officers at senior levels have been nominated to follow up the progress in respect of each State. Minister of Panchayati Raj has also visited a number of States with a view to pushing the RBH initiative forward. Detailed brief of responses received is enclosed as per Annexure-1.

(c): A Rural Business Hub Council has also been set up, chaired by the Minister, Panchayati Raj and co-chaired by Shri Sunil Kant Munjal, immediate past President of CII, to promote Public-Private-Panchayat Partnerships to foster RBHs. Awareness programmes have been organized in several States which include Assam, Chhattisgarh, Jammu & Kashmir, Karnataka, Kerala, Rajasthan, Uttaranchal and Uttar Pradesh. An RBH Executive Committee has been constituted under the Chairmanship of Secretary, Ministry of Panchayati Raj to chalk out an action plan in accordance with the directions given by the RBH Council. The Committee has held its first meeting and has identified a number of modalities for pursuing development of RBHs in various States.

The first Memorandum of Understanding (MOU) under the RBH initiative was signed in DehraDun (Uttranchal) for setting up a rural business hub for processing fruit grown in the Ramgarh block and other few other Blocks of Nainital District. Thereafter, two more MOUs have been finalized and signed in Haryana to set up RBHs for Jatropha plantation and production of bio-diesel in the Faridabad and Mewat districts of the State. Subsequent to an advertisement in certain leading newspapers, over 150 responses have been received from PRIs and individuals. A conclave of all the stakeholders involved in the development of bio-diesel from Jatropha through Panchayats under the RBH initiative of the Ministry was held on 5 November 2005, which was attended by 100 PRI

representatives from all over the country at which it was decided to set up a joint committee of the Ministry of Panchayati Raj and Petroleum and Natural Gas and the Planning Commission along with the stakeholders including Scientists and other corporates, on the development of Bio-Fuels through Panchayats under the RBH initiative.

The RBH initiative is also scheduled to be discussed in the next meeting of the Council of State Ministers on Panchayati Raj.

(d)& (e) : Public − Private − Panchayat − Partnership (PPPP) constitutes the basic and distinguishing strategic underpinning to enable better market access for locally available resources and skills by encouraging entrepreneurs, identified by CII in finding markets for products and skills by involving panchayats at all levels as promoters and facilitators so as to catalyze tie-ups between farmers and skilled artisans/craftsmen as to one hand and entrepreneurs, or the other. Panchayats are also to provide a variety of facilitatory support including identifying land, providing common work-sheds and other infrastructural support and organizing appropriate training. The PPPP concept aims at utilizing the synergies of different stakeholders in a given area to stimulate economic development of the area concerned through panchayats based on a self-sustained, self- supporting commercial models.

(f) : The financing of Rural Business Hubs is envisaged as a business proposition on the public − private − panchayat − partnership principle but will be supported by such `Top- up` funds as may be available for the purpose. Assistance is also envisaged from specialized institutions like Nabard, Sidbi, the Institution of Engineers to provide financing and professional and technical guidance to panchayats for identifying and setting up RBHs.